

- BC's jobless rate unchanged at 4.8% in September
- Value of building permits issued in BC rose 5.8% in August
- Restaurant, caterer and tavern receipts in July recover ground lost in June

Labour Force

- **British Columbia's unemployment rate remained at 4.8% (seasonally adjusted) in September, unchanged from August as both the number of jobs and the number of people who were either working or looking for work edged up 0.3%.** BC's unemployment rate remained well below the national average of 6.1%, marginally higher than that of Manitoba (4.4%) and Saskatchewan (4.3%), but significantly above Alberta's 3.5% jobless rate. The low unemployment rates in the western provinces reflect the shortage of labour in Western Canada, particularly in Alberta.

Data Source: Statistics Canada

- **Employment in the goods sector rebounded from a 1.0% drop in August with an equivalent rise in September.** A 5.4% jump in employment in the resource sectors (forestry, fishing and mining) was responsible for much of the increase, along with a 1.3% rise in manufacturing jobs. The number of jobs in construction fell 0.4%, while employment in utilities dropped (-1.1%) for the second consecutive month.

There was a marginal increase in employment (+0.2%) in the service sector, as strong job growth in some industries, such as public administration (+4.2%) and management & administration (+6.0%), was mostly offset by declines in others, such as professional, scientific & technical services (-2.1%) and finance, insurance & real estate (-2.8%).

Data Source: Statistics Canada

- **Among British Columbia's regions, jobless rates ranged from a low of 4.2% (3-month moving average, unadjusted) in Northeast to a high of 6.5% in North Coast/Nechako.** While Kootenay shaved an entire percentage point off its unemployment rate, to 5.1%, most other regions saw unemployment rise. Thompson-Okanagan was the only other region where un-

employment fell (to 5.7%). North Coast/Nechako experienced the largest jump in unemployment with the rate rising 0.9 points to 6.5%. Rates in Mainland/Southwest (4.7%) and Vancouver Island/Coast (4.9%) remained lower than most of the province, but were higher than they were in August.

The unemployment rate in Vancouver jumped to 4.5% (seasonally adjusted) from 3.8% in the previous month, while the Abbotsford metropolitan area saw its rate drop to 3.7% from 4.2% in August. Victoria's unemployment rate remained unchanged, at 3.9%.

Data Source: Statistics Canada

The Economy

- **The value of building permits issued by BC municipalities was up 5.8% (seasonally adjusted) in August, ending its two-month downturn.** The increase was due to an upsurge in planned activity in the residential sector (+11.4%), which offset a decrease in non-residential permits (-4.1%). Permits for industrial buildings were up substantially (+62.5%), while the value of permits issued for commercial (-12.4%) and institutional & government buildings (-0.2%) projects were down.

Although permits were up in August, the increase was localized in the Vancouver and Abbotsford areas, where building intentions jumped 33.8% and 65.3%, respectively. Victoria (-40.5%) posted a significant decline. Vancouver accounted for nearly two thirds of the total value of building permits issued in August.

Canadian permits were up 8.3%, as declines in Manitoba (-33.9%) and Saskatchewan (-40.1%) were offset by increased activity in all other provinces. The value of permits issued in Canada's non-residential sector jumped 14.2% in August and permits for residential projects were up (+5.0%).

Data Source: Statistics Canada

Did you know...

70% of Canadian homeowners are planning to renovate over the next two years. About half (48%) plan to do the renos themselves while 40% plan on hiring a contractor. *Source: Ipsos Reid*

- Year-to-date, the value of building permits issued in the province was 10.3% higher (unadjusted) than in the first eight months of 2005. Planned spending on construction projects was up in five of eight regions with Kootenay (-3.0%), Cariboo (-20.5%) and Nechako (-8.6%) bucking the provincial trend. Vancouver Island/ Coast (+23.8%), buoyed by double-digit gains in residential permits in all but Powell River (-37.2%, residential values), was closely followed by Northeast (+22.3%) where strong residential (+57.0%) and institutional & government (+388.3%) plans overrode weaker industrial (-84.7%) and relatively flat commercial (-1.9%) projects. In North Coast (+16.3%) strength in Kitimat-Stikine (+56.2%) overshadowed weakness in Skeena-Queen Charlotte (-28.3%). The only other region with double-digit growth was Mainland/Southwest (+11.3%).

Data Source: Statistics Canada & BC Stats

- **Restaurant, caterer and tavern receipts in the province inched up 0.4% (seasonally adjusted) in July, mirroring a 0.7% slip in June.** Receipts at drinking places continued to rebound from a slump earlier in the year. They were up 10.3% in July, just enough to offset a 0.3% downturn at food service establishments, which account for more than 90% of total receipts. Nationally, sales edged down 0.2% with a 0.3% decline at food service establishments outweighing a 1.1% gain in receipts at drinking places.

Data Source: Statistics Canada & BC Stats

Intellectual Property

- **Universities and hospitals in the province received 10% of Canada's total sponsored research funding in 2004, while accounting for 17% of inventions disclosed.** Prairie institutions also had above average results, obtaining 18% of sponsored research funding and accounting for 21% of inventions. Ontario institutions received 37% of funding and they accounted for a relatively equal proportion of inventions disclosed (40%) while Quebec institutions produced 17% of inventions after having obtained 31% of total sponsored research funding.

Overall, commercialization of intellectual property in Canadian institutions progressed significantly between 2003 and 2004 with the number

of inventions increasing from 1,133 to 1,432 and the number of patents held rising from 3,047 to 3,827. Income received from intellectual property remained above \$50 million in 2004.

Data Source: Statistics Canada

Interreligious marriage

- **In 2001, 19% of Canadians in a couple partnership were in an interreligious union, either marriage or common-law.** By comparison, in 1981, only 15% had a partner from a different religious group. More than half of interreligious unions in 2001 were between Catholics and Protestants, the two largest religious groups in Canada. For Sikhism, Hinduism and Islam, interreligious unions were less likely in 2001 than they were in 1981. Conversely, such unions became more common among Jewish individuals over the same two decades.

Data Source: S.C. Cat. #11-008-XWE

Violence Against Women

- **Women living in the territories report higher rates of spousal violence than do those living in the provinces.** 2004 data from police reports, and the General Social Survey (GSS) on Victimization indicate that residents of the territories report higher levels of sexual assault and homicide and that shelter usage in the territories is the highest in the country. Approximately 12% of adults in the territories who had been married or had lived common-law reported having experienced violence by a spousal partner in the five years prior to the 2004 survey. This compares to just 7% in the provinces.

For the nation as a whole, rates of reported incidents of sexual assault and spousal violence against women have declined in recent years. However, the rate of violence perpetrated by boyfriends has increased. Sexual assault remains one the most under-reported crimes, with an estimated mere 10% of sexual assaults being reported to police. Similarly, only 36% of victims of spousal assault reported the crime to police in 2004. Rates of spousal violence and spousal homicide are significantly higher for Aboriginal women than for non-Aboriginal women.

Data Source: S.C. Cat. # 85-570-XIE

*Infoline Issue: 06-40
October 6th, 2006*

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Originally published in *Exports* Issue 06-08. Annual Subscription \$60 +GST

Has Doha Gone the Way of the Dodo?

The Doha round of the World Trade Organization's (WTO) global trade talks may have reached its end without an agreement, much to the dismay of advocates of free trade. Although there is a sliver of hope that the talks will be resumed at some point, the deep divide that exists between member nations may be impossible to bridge. India's Minister of Trade and Industry, Kamal Nath, described the status of the Doha round as being "...somewhere between intensive care and the crematorium."¹

The Doha round of the WTO trade talks may be dead

Adding to the difficulty of talks being reopened is the impending expiration of the Bush administration's trade promotion authority (TPA). Under the TPA, Congress has only the options of accepting or rejecting an international trade deal. Without the TPA, Congress could try to amend the deal, removing clauses that it deems disadvantageous to the United States, which would likely raise objections from the other parties to the agreement and kill the deal. The current TPA expires in mid-2007.

The biggest stumbling block to an agreement is the issue of protectionism in the agricultural sector. Developing nations want to see developed countries, particularly the European Union (EU) and the United States, remove barriers such as tariffs and subsidies. At the same time, the developed nations want to see an easing of restrictions in the developing nations on services and industrial goods. There was some significant movement toward settling the disagreements over agriculture when, in the session of talks in Hong Kong in December 2005, it was conditionally agreed to eliminate subsidies by 2013. However, loopholes in the agreement could not be closed to the satisfaction of all members and negotiations fell apart in July, leaving nations pointing the finger at each other as to whom is to blame.

Agricultural subsidies are the main stumbling block in negotiations

The United States and the EU are the recipients of most of the criticism surrounding agricultural subsidies and tariffs, even from each other. In assigning blame for the collapse of the WTO talks, the US pointed to the EU for its unwillingness to make larger reductions in import tariffs on farm products, while the EU accused the US of not going far enough in cuts to agricultural subsidies. Based on data from the WTO, both the US and the EU are guilty of offering a significant amount of trade-distorting subsidies to their agricultural sectors, but it is the EU that is by far the worst offender, at least based on data from 1999.²

The European Union and the United States offer the largest agricultural subsidies

¹ Quoted in: Chase, Steven, "WTO talks collapse after 5 years," *The Globe and Mail*, July 25, 2006.

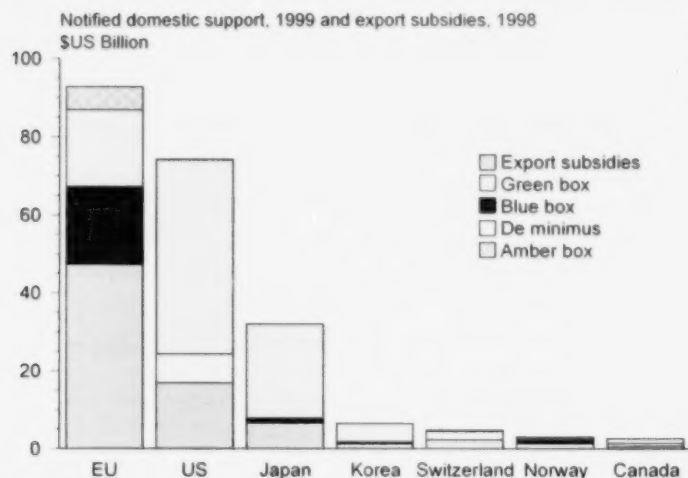
² Data extracted from: World Trade Organization, *WTO Agriculture Negotiations: The Issues, and Where We Are Now*, December 1, 2004.

Although the United States gave over \$US 74 billion in support to its agricultural sector in 1999, the majority of these subsidies were non trade-distorting, or classified as "green box" subsidies in the WTO nomenclature. These subsidies are usually not targetted at specific products, but rather provide direct support to farmers that is not contingent on production levels or prices. These types of subsidies are allowed without limits under WTO agreements.

The majority of subsidies offered by the EU, on the other hand, are of the "amber box" or "blue box" varieties. Amber box supports are trade-distorting and include measures directly related to volume of production as well as price-supporting instruments. Amber box supports are subject to limits under WTO agreements with de minimus supports allowed of 5% of agricultural production for developed countries and 10% for developing countries. Blue box supports are those that would normally be in the amber box, except they are subject to limits and therefore distort trade only minimally. In 1999, the EU offered over \$US 67 billion in trade-distorting support to its agricultural sector, compared to \$US 24 billion in trade-distorting supports offered by the United States.

The subsidies offered by the EU are mainly the trade-distorting type

The European Union spent by far the most on trade-distorting support for domestic agriculture in 1999



Source: World Trade Organization

Categories of domestic support:

Green box: Non trade-distorting supports

Blue box: Minimally trade-distorting supports — linked to production, but subject to limits

Amber box: Trade-distorting supports

De minimus: an allowable minimal amount of amber box type supports

Export subsidy: a benefit that is contingent on exports, which is given to a firm by the government

Canada is not completely innocent of offering trade-distorting supports to its farmers, although they pale in comparison to those of the EU and the US. Nevertheless, Canada has garnered some criticism for continuing to defend its supply-managed system for eggs, dairy and poultry products. Canada's credibility at global trade talks has been strained as it lobbies for reductions in agricultural tariffs and subsidies at the same time it insists on maintaining marketing boards that dictate prices and

supply, which, in effect, results in tariffs and subsidies for those goods. For example, Canadian import tariffs on supply-managed goods over quota restrictions range from around 150% to almost 300%.

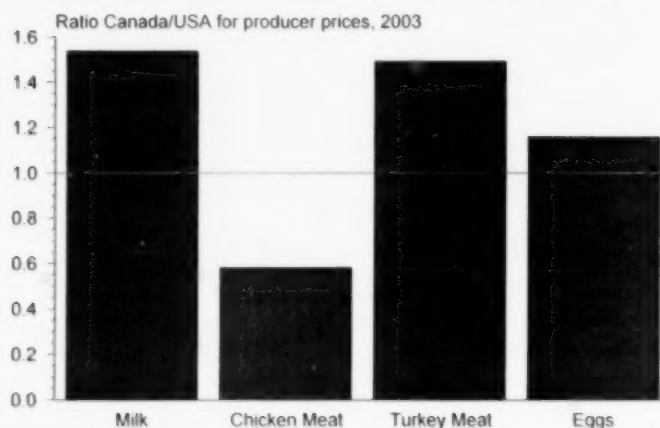
Proponents of supply-management argue that the system ensures that farmers get a stable income while Canadian consumers have access to a safe supply of food at reasonable prices. However, opponents of marketing boards see far more cons than pros to supply-management and take issue as to whether the system actually ensures "reasonable" prices. A report from the C.D. Howe Institute suggests that:

"Maintaining the status quo for these two farm sectors [dairy and poultry] is unfair to consumers, who are condemned to higher prices and limited choices; unfair to other farmers, whose chances at better access to foreign markets are sacrificed in order to protect dairy and poultry farmers; unfair to food processors, whose access to quality inputs is limited to what local suppliers will produce at regulated prices, and even unfair to efficient dairy and poultry farmers, whose opportunities to expand and become more productive are hemmed in by the system's constraints."³

Canada's current supply-management system is "unfair to consumers...unfair to other farmers...unfair to food processors...and even unfair to efficient dairy and poultry farmers" according to the C.D. Howe Institute

In terms of prices, data from the Food and Agriculture Organization of the United Nations (FAO) show that Canadian producers of supply-managed commodities tend to get a far higher price for their goods compared to farmers in the United States. Producer prices for milk and turkey meat, in particular, were substantially higher in Canada, although chicken meat was priced significantly lower compared to the US.

With the exception of chicken, Canadian producers of supply-managed commodities get far higher prices for their goods compared to American producers



Source: Food and Agriculture Organization of the United Nations

³ Hart, Michael, *Great Wine, Better Cheese: How Canada Can Escape the Trap of Agricultural Supply Management*, C.D. Howe Institute Backgrounder no. 90, April 2005.

According to the FAO data, Canada is far from having the highest producer prices for these goods,⁴ but considering that farming conditions are similar between Canada and the US and availability of the products is also similar, one would expect prices to be reasonably close as well.

To see that the differential price received by producers has an effect on retail prices, note that prices for whole milk in July 2006 were substantially higher in Canada compared to the United States. While Canadians paid, on average, \$1.86 per litre, Americans paid only \$1.01 per litre.⁵ Even in New Orleans, which had the highest price among the cities surveyed, the price was only about \$1.31 per litre.

...and retail prices are higher too

Canada's marketing boards are not only undergoing attack from institutions such as the C.D. Howe Institute, but also from farmers feeling unduly restrained by the system. Organic farmers, in particular, have fought the marketing boards' jurisdiction, arguing that the cost of getting quota from the marketing board makes it possible for only large-scale farms to operate, whereas organic farms are almost always small-scale operations and therefore can't make a profit if they have to pay for quota.

Despite the higher prices and fewer choices for consumers, and the barriers to entry for some farmers, the Canadian government continues to wholeheartedly support Canada's marketing boards. By taking a hard line in defence of its supply-management system, Canada may find it more difficult to get concessions in lowering tariffs and reducing subsidies for other goods, such as grains and beef, which are causing harm to Canadian exporters.

As long as Canada and other nations refuse to bend on agricultural issues, it is unlikely that the WTO trade talks will yield any positive results and the Doha round will almost certainly end in failure. The stakes for Canada are large, particularly since it has placed all its eggs (the figurative ones, not the supply-managed ones) in one basket, pursuing a global trade agreement rather than concluding bilateral deals. Canada may now have to shift its emphasis to smaller deals to avoid falling further behind its competitors such as the United States, which has signed several free trade agreements in the last couple of years with nations such as Australia, Chile and Singapore, while Canada has not concluded an agreement in five years. While a global agreement may be the preferred option, Canada may have to settle for something less.

Canada may have to settle for pursuing bilateral or regional agreements if Doha is not resurrected

⁴ For example, and somewhat ironically, the highest producer prices for turkey meat were in Turkey at four times the Canadian price.

⁵ Canadian data is from Statistics Canada (*The Consumer Price Index, July 2006*, catalogue no. 62-001). American data is from the US Department of Agriculture. US data was converted from US gallons to litres and from US dollars to Canadian dollars. The American data is an average for selected cities from across the country.

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BC at a glance . . .

POPULATION (thousands)			% change on
		Jul 1/06	one year ago
BC	4,310.5		1.2
Canada	32,623.5		1.0
GDP and INCOME			% change on
(BC - at market prices)		2005	one year ago
Gross Domestic Product (GDP) (\$ millions)	168,011		6.8
GDP (\$ 1997 millions)	144,028		3.5
GDP (\$ 1997 per Capita)	33,853		2.2
Personal Disposable Income (\$ 1997 per Capita)	20,693		2.5
TRADE (\$ millions, seasonally adjusted)			% change on
			prev. month
Manufacturing Shipments - Jul	3,403		-3.8
Merchandise Exports - Jul	2,740		-6.1
Retail Sales - Jul	4,476		1.2
CONSUMER PRICE INDEX		% change on	12-month avg
(all items - Aug 2006)		one year ago	% change
BC	2.0		2.0
Vancouver	2.1		1.8
Victoria	1.8		2.0
Canada	2.1		2.5
LABOUR FORCE (thousands)			% change on
(seasonally adjusted)		Sep '06	prev. month
Labour Force - BC	2,312		0.3
Employed - BC	2,201		0.3
Unemployed - BC	111		0.3
			Aug '06
Unemployment Rate - BC (percent)	4.8		4.8
Unemployment Rate - Canada (percent)	6.4		6.5
INTEREST RATES (percent)		Oct 4/06	Oct 5/05
Prime Business Rate	6.00		4.50
Conventional Mortgages - 1 year	6.40		5.05
- 5 year	6.60		5.80
US/CANADA EXCHANGE RATE		Oct 4/06	Oct 5/05
(avg. noon spot rate) Cdn \$	1.1287		1.1795
US \$ (reciprocal of the closing rate)	0.8876		0.8459
AVERAGE WEEKLY WAGE RATE			% change on
(industrial aggregate - dollars)		Sep '06	one year ago
BC	730.10		2.9
Canada	735.97		3.2

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada
 Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics
 For latest Weekly Financial Statistics see www.bankofcanada.ca

Small Business Quarterly (FREE)

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A Guide to the BC Economy and Labour Market

The third edition of the *Guide* is now available. The *Guide* is a useful resource which provides an overview of the provincial economy and the characteristics of its workforce. Written by Lillian Hallin of BC Stats, it focuses on provincial industries with an emphasis on their human resource side. Economic terms are explained and examples provided, so that a background in economics is not needed to understand the material. The *Guide* also provides an historical perspective on how the provincial economy has developed, as well as what it may look like in the future.

www.bcstats.gov.bc.ca/pubs/econ_gui.asp

Released this week by BC STATS

- Small Business Quarterly, 2nd Quarter 2006
- Labour Force Statistics, September 2006

Next week

- Earnings & Employment Trends, September 2006
- Exports, August 2006

